



## Department Of Insurance

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***For immediate release***  
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### Judge grants state petition for First Mutual take-over

FRANKFORT, Ky.— The Department of Insurance was granted authority today by Judge William Graham to supervise the daily operations of the Lexington-based First Mutual Insurance Co., a company that writes home and auto coverage primarily in Eastern Kentucky.

The department filed a petition on Tuesday, Nov. 28, in Franklin Circuit Court requesting this authority because DOI has determined the company is financially insolvent. First Mutual President Buford McIntosh and his legal counsel agreed that the state taking over company operations is in the best interest of the policyholders.

Termination notices will be sent out today to policyholders by Deputy Liquidator Ernest Dry informing them that their coverage will end on Dec. 31, 2000, and they will have to seek alternative insurance. DOI will be contacting similar companies to help determine the policyholders' options.

First Mutual is a mutual insurance company, owned by the policyholders, and managed by a group called KYWide. The company began writing home and auto coverage in Kentucky in 1997. First Mutual has 8,000 policyholders throughout Kentucky. Of that total, 5,300 are homeowner policies. The company is authorized to do business throughout the state but the biggest concentration of its business is in Eastern Kentucky.

DOI has the responsibility of determining whether or not insurance companies doing business in Kentucky are financially sound and statutorily solvent. If a company is in serious financial difficulty, DOI can petition the court to take over the company's operation and either rehabilitate the company (reorganizing the company's structure) or, if rehabilitation is not possible, proceed with liquidation. In this case, liquidation is the course of action.

Policyholders with questions or concerns may contact DOI's Consumer Protection and Education Division at 800-595-6053 (or, for people with hearing impairment: 800-462-2081). If someone has a claim, he or she should notify the company.



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